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Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2007-00166 – Comments to Informal Conference Memorandum

Dear Ms. O'Donnell:

This letter contains Kentucky Power's comments on the informal conference memorandum filed on August 9, 2007. With a single exception, the memorandum accurately describes the discussion that occurred during the July 31, 2007 informal conference, and Kentucky Power simply wishes to clarify its position on two issues.

In discussing at pages two and three the effect of selling into the PJM market "foregone load," the memorandum states that "Kentucky Power said that its ratepayers will get the benefit of incrementally lower prices for any power Kentucky Power might sell back into PJM." The memorandum is correct that Kentucky Power's ratepayer will benefit from any sales of energy freed-up as a result of real-time pricing program. However, the benefit will be provided through increased system sales profits and not the "incrementally lower prices" referenced in the memorandum.

Like the Attorney General, Kentucky Power recognizes the estimated costs of the costs at issue are significant in comparison to the number of its customers expected to participate. However, Kentucky Power has considered other alternatives and has found its approach to be the least cost method of implementing the program. In an effort to ensure that there is sufficient interest in the program among its customers to justify incurring the implementation costs, Kentucky Power proposes that it confer with its customers in the coming months to gauge customer interest. Kentucky Power will report its findings to the Commission on October 1, 2007, at which time a more fully-informed decision can be made concerning whether the benefits of the program justify its costs.

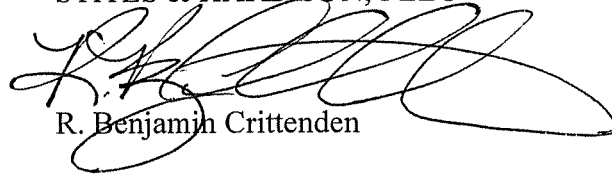
Finally, Kentucky Power acknowledges that Commission approval is required to defer the un-reimbursed costs of implementing the program. Kentucky Power anticipates applying to the Commission for authority to do so if the program is approved and implemented.

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If you have any questions about Kentucky Power's comments or its proposal, please contact me.

Sincerely,

STITES & HARBISON, PLLC



R. Benjamin Crittenden

cc: Paul Adams
Rick Bertelson
Kurt Boehm

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